Unprofitable Flour-milling.

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In the past on several occasions attention has been drawn to the unsatisfactory position flour-milling in Victoria has drifted into. There is little need to repeat in detail the causes, they are now generally known; but a survey of the last issued balance-sheets of the companies engaged in the industry pretty well discloses the existing state of affairs. Taking first the capital accounts and the reserve fund (if any), the following table shows how the various companies stand:—

Company.	Capital subscribed.	Capital paid.	Reserve Funds and Credit Balances.
	£	£	£
James Gillespie and Co.	195,000	133,893	...
Melbourne Flour-milling Company ...	42,900	20,017	1,925
Water and Kerang United	50,000	20,000	10,404
James Malcolm	40,000	19,951	...
Wimmera North	35,000	19,938	...
D. Stratton and Co.	49,499½	19,999½	5,706
L. Kickham	30,000	24,000	586
Totals	442,399½	257,798½	18,621

It will be seen that the six limited and one proprietary limited company have paid-up capital (or capital credited as paid) aggregating £257,798 10s. out of an authorised total of £442,399 10s. Only four mills have credit balances, and only one (the Water and Kerang United) a reserve fund.

The profit and loss accounts of the seven companies show the following figures:—

	Profit.	Loss.	Credit Balance.	Debit Balance.
	£	£	£	£
James Gillespie	...	417	...	1,229
Melbourne Flour	534	...	1,925	...
Water and Kerang	1,856	...	9,404	...
James Malcolm	1,437	...	...	8,478
Wimmera North	...	*5,583	...	30,028
D. Stratton and Co.	99	...	5,706	...
L. Kickham	...	187	586	...
Totals	3,926	6,187	17,621	39,735

It will be seen that profits were shown by four companies only, amounting to £3,926. If fair provision had been made for bad debts probably only one would have been able to show a profit—the Water and Kerang; and the directors of that company state in their last report that they "regret that the milling industry shows no improvement. Transactions in wheat have been profitable, but the manufactured products of the company have not returned a fair profit." As a matter of fact, therefore, not one of the companies showed anything like a profit on the manufacture and sale of flour. The losses shown by the accounts for the past year exceed the profits by £2,261, while the debit balances at the close of the year's trading were £22,114 greater than the credit balances.

The liabilities in most instances are out of all proportion to the business done. The figures from the last balance-sheets are as follow:—

	To Banks.	Mortgagees.	Others.
	£	£	£
James Gillespie and Co.	6,925	36,700	†1,732
Melbourne Milling Company	25,527	...	5,920
Water and Kerang	213	...	4,764
James Malcolm	26,116	...	1,801
Wimmera North	37,114	...	1,099
D. Stratton and Co.	...	16,547	3,442
L. Kickham	1,034	...	4,275
Totals	96,929	53,247	23,033

The total is £173,209. As the mortgages are, we are informed, mostly on account of banks it will be seen that their share is over £150,000. The "other" liabilities in the above table include deposits, debit balances, bills, and sundry creditors.

Turning to the assets and uncalled capital—the two headings of interest to creditors—there is little of a reassuring character. The following is a comparison:—

	Uncalled Capital.	Plant, Buildings, Stock, &c.‡	Bills and Book-debts.	Other.
James Gillespie	61,117	146,018	30,022	1,980
Melbourne Flour	21,450	45,298	7,171	918
Water and Kerang	30,000	29,493	7,478	...
James Malcolm	20,049	31,882	11,836	3,792
Wimmera North	12,250	18,051	7,458	2,965
D. Stratton and Co.	30,000	31,930	13,612	153
L. Kickham	6,000	25,419	4,150	326
Totals	180,866	328,091	81,727	10,134

* Including £4,424, provision for bad and doubtful debts. † Not including contingent liabilities, £4,362
‡ Provision for depreciation excluded.